

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900  
Columbia, SC 29201



Phone: (803) 737-0800  
Fax: (803) 737-0986

DAN E. ARNETT  
CHIEF OF STAFF

JOHN W. FLITTER  
DIRECTOR  
ELECTRIC & GAS REGULATION

December 11, 2009

**VIA ELECTRONIC FILING**

Charles L. A. Terreni  
Chief Clerk & Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

**Re: Petition of South Carolina Electric & Gas Company for an Accounting Order (City of Columbia)**  
**Docket No. 2009-498-E**

Dear Mr. Terreni:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing and has no objection to the Petition of South Carolina Electric & Gas Company ("Company") for an accounting order to include certain payments to the City of Columbia ("City") in its Columbia Franchise regulatory asset account. The Company has agreed to pay the City of Columbia \$4 million in two equal installments of \$2 million in lieu of conveying the Huger Street Property ("Bus Barn Property") to the City. In particular, the Company paid the first \$2 million installment with the execution of the Amendment in July 2009 and will pay the final \$2 million installment to the City by July 2010. These payments to the City of Columbia were not contemplated in either the Conveyance Agreement or Commission Order No. 2003-38. However, the payments are merely a substitute consideration for the conveyance of the Bus Barn Property, which was contemplated in earlier agreements and orders. In summary, the Company seeks authorization to record the payments to the City totaling \$4 million to the regulatory asset account for the City franchise and they seek to recover the \$4 million through the amortization mechanism established in Order No. 2003-38, Docket No. 2002-223-E. In addition, since these payments are a substitute for the conveyance of the Bus Barn Property and in consideration of approval of SCE&G's pending request along with the possible future sale of this Property, the Company has agreed that any gain will accrue to the benefit of the Company's South Carolina retail ratepayers.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS  
Nanette S. Edwards, Deputy General Counsel, SC ORS  
Shannon Bowyer Hudson, Attorney, SC ORS  
K. Chad Burgess, Senior Counsel, SCE&G  
Dr. James Spearman, Executive Assistant, PSCSC